

1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE DISTRICT OF OREGON

3
4 CALISTA ENTERPRISES LTD.,)

5 Plaintiff,)

6 vs.)

7 TENZA TRADING LTD.,)

8 Defendant.)

3:13-cv-01045-SI

June 17, 2014

Portland, Oregon

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13 TRANSCRIPT OF PROCEEDINGS

14 BEFORE THE HONORABLE MICHAEL H. SIMON

15 UNITED STATES DISTRICT COURT JUDGE
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1 (June 17, 2014)

2 P R O C E E D I N G S

3 (Open court:)

4 THE CLERK: Your Honor, this is the time set for
5 oral argument in civil case 13-1045-SI, Calista
6 Enterprises, Ltd., et al. versus Tenza Trading, Ltd.

7 For the record, we have appearing for the
8 plaintiff by phone Matthew Shayefar.

9 Counsel, in court, would you please identify
10 yourselves for the record.

11 MR. TAUGER: Good morning (sic), Your Honor.
12 Paul Tauger, for moving party, Tenza.

13 THE COURT: Good afternoon.

14 MR. TAUGER: Good afternoon.

15 MR. FRAY-WITZER: Good afternoon, Your Honor.
16 Evan Fray-Witzer for Calista Enterprises.

17 MR. FREEDMAN: Good afternoon, Your Honor.
18 Thomas Freedman for Calista Enterprises.

19 MS. NEWMAN: Good afternoon, Your Honor.
20 Devon Zastrow Newman for Tenza.

21 MS. BODNAR: Good afternoon. Alexandra Bodnar
22 for Tenza.

23 THE COURT: Welcome. Good afternoon. Please be
24 seated.

25 There are several items on my agenda that I

1 would like to discuss with you all today, but I think we
2 should take up the first item being the pending motion by
3 Tenza to dismiss the complaint of Plaintiff Calista
4 essentially for lack of standing. I have read the papers;
5 I have read the exhibits.

6 Is there anything further that Tenza would like
7 to add to its written materials?

8 MR. TAUGER: Yes, Your Honor, briefly. Thank
9 you.

10 Calista has framed its declaratory relief action
11 under the ACPA for essentially non-violation of 15 U.S.C.
12 1125(d). There are two sections of trademark statutes
13 that deal specifically with domain names. One is 1125(d),
14 which is what Calista brought its action under. The other
15 is 15 U.S.C. 1114(2)(D).

16 1125(d) addresses actions that are brought for
17 registration or use of a domain based on, one, a bad faith
18 intent to profit where, two, the mark that is alleged to
19 be infringed is either distinctive or famous, and the
20 domain is confusingly similar to it.

21 The UDRP provisions have different elements.
22 The UDRP has the following three requirements: It needs
23 to be identical or confusingly similar to the registered
24 domain -- I'm sorry -- the registered domain has to be
25 identical or confusingly similar to the registered

1 trademark. I misspoke.

2 THE COURT: I'm following you.

3 MR. TAUGER: And the registered trademark has no
4 requirement that it be either distinctive or that it be
5 famous.

6 The second requirement is that the registrant
7 has no rights to the name. This is a completely
8 independent requirement from 1125(d).

9 Then the third is that the registration was in
10 bad faith. It has no requirement that the registration be
11 in bad faith with an intent to profit.

12 Accordingly, a determination of non-violation of
13 1125(d) has no effect on the UDRP provisions. The UDRP
14 panel could still find violation on the part of Calista,
15 whereas this Court might find no ACPA violation, because,
16 for example, although there might have been a bad faith
17 intent, the intent was not to profit.

18 The relevant section, and the section we
19 maintain should have been applied in this case, is
20 15 U.S.C. 1114. That is the section that specifically
21 references registrants. 1114(2)(D) says, "An action . . .
22 is any action of refusing to register or removing from
23 registration or transferring or temporarily disabling or
24 permanently canceling a domain name." It says that the
25 registrant, whose domain name has been suspended,

1 disabled, or transferred, may bring an action.

2 1114 is a retrospective harm statute. Both the
3 language used and the relief that the Court is authorized
4 to provide anticipates retrospective harm. The Court can
5 issue orders requiring re-transfer or re-enabling or
6 un-suspending a domain name. That assumes those actions
7 have already been taken. The actions have not been taken.

8 So there are two issues here independent of
9 whether or not Calista is the owner. The first is that
10 they brought the action under the wrong section. They
11 brought it under 15 U.S.C. 1125(d). 15 U.S.C. 1125(d),
12 not only doesn't confer standing on Calista just by virtue
13 of the UDRP action, but it has completely different
14 requirements than the UDRP proceeding.

15 The second issue is 1114, which is the statute
16 they should have brought the action under. That statute,
17 by its plain language, only addresses retrospective harm,
18 harm they have already incurred, not prospective harm,
19 harm they will incur if in fact the Court doesn't rule.

20 Thank you.

21 THE COURT: Now, the first argument, the
22 retrospective, that's 1125(d); is that right?

23 MR. TAUGER: 1114 is the retrospective argument.

24 THE COURT: Okay. That's what you say they
25 didn't satisfy, correct?

1 MR. TAUGER: I'm saying they didn't bring an
2 action under 1114.

3 THE COURT: Because they didn't bring an action
4 under 1114(d), what's the consequence?

5 MR. TAUGER: The consequence is you have to look
6 at standing from the standpoint of what they did plead.

7 THE COURT: Right.

8 MR. TAUGER: They pled 1125(d). 1125(d) has
9 nothing to do with the UDRP proceeding.

10 THE COURT: Okay.

11 MR. TAUGER: So the authorization of a
12 registrant to proceed doesn't apply to 1125, only 1114,
13 where the term "registrant" is expressly used.

14 THE COURT: Can you call to my attention where
15 in your opening memorandum, Docket 74, where you make this
16 argument.

17 MR. TAUGER: That argument is not in my opening
18 memorandum.

19 THE COURT: Okay. Then it is denied.

20 Can you cite any court in this district or what
21 other districts allow people to make new arguments not
22 raised in an opening memorandum?

23 MR. TAUGER: Your Honor, no court does to my
24 knowledge. I can explain that. We did not discover this
25 until we were actually looking at the complex in the

1 context of the MSJ that both sides prepared. Can I make
2 one more point?

3 THE COURT: You may make whatever point you
4 want, but I am not going to consider an argument not made
5 in an opening motion.

6 MR. TAUGER: Your Honor, the bench does have
7 discretion to do sua sponte review of standing on a
8 12(b)(1) motion.

9 THE COURT: I understand that. But I also
10 believe in fair litigation, and I don't think that it is
11 fair and appropriate for you to stand here now and make an
12 argument that was not raised in the opening motion. So
13 that is done.

14 Let me also ask you this, and this sort of goes
15 back to, can I trust the counsel that are before me? On
16 page 3 of your opening memorandum, Docket 74, I see the
17 following sentence: "Calista now admits it does not have
18 standing to pursue this matter." That's the statement
19 right above points and authorities. Do you see it?

20 MR. TAUGER: Yes, I do, Your Honor.

21 THE COURT: I looked everywhere. I couldn't
22 find Calista making that admission, that they did not have
23 standing. You didn't cite to anything. But where did
24 Calista admit that it does not have standing to pursue the
25 matter?

1 MR. TAUGER: The collective statements made by
2 Calista constitute an admission that it does not have
3 standing.

4 THE COURT: No, I don't think so. Is this what
5 you meant to say: "That the collective statements made by
6 Calista result in the implication and the legal conclusion
7 that they do not have standing"?

8 MR. TAUGER: I would agree with the first part
9 of that sentence. I would say it is not a question of a
10 legal conclusion, but establish the facts that.

11 THE COURT: Isn't there a difference between
12 saying "a particular party admits it doesn't have
13 standing" versus saying "a particular party admits facts
14 X, Y, and Z; and therefore, they don't have standing."

15 Isn't there a difference?

16 MR. TAUGER: I think, Your Honor, the bench has
17 a different view of introductions to pleadings than
18 counsel. I can certainly accept instruction in that. But
19 my understanding of introductions has always been it is a
20 summary of your argument; what you are going to describe
21 to the Court.

22 THE COURT: All right. Let me ask you this:
23 For the argument that you did make in your opening
24 memorandum in support of your motion to dismiss,
25 Docket 74, do you now withdraw that argument, in light of

1 the facts presented by Calista in their response?

2 MR. TAUGER: I do not, Your Honor.

3 THE COURT: Okay. Very good.

4 Then let me ask you some predicate questions to
5 make sure I understand what that argument really means.

6 Can you explain to me what is the definition of
7 a "registered name holder"?

8 MR. TAUGER: A "registered name holder" is a
9 contractual definition as between ICANN, its registrars
10 and its registrants. Per ICANN, it is whoever identifies
11 themselves as the registrant when the application for a
12 domain name is made.

13 THE COURT: Whoever identifies themselves as the
14 registrant?

15 MR. TAUGER: Yes.

16 THE COURT: What is the registrant? Is that the
17 entity that owns or holds a domain name?

18 MR. TAUGER: Sometimes it is; sometimes it is
19 not.

20 THE COURT: Then what is a "registrant"?

21 MR. TAUGER: A "registrant" is the entity that
22 makes the application. Again, it is a contractual policy
23 as between ICANN, the registrars, and the registrants.
24 Whether it has legal meaning in the context of owner or
25 not is a separate question.

1 THE COURT: Now, can there be a situation where
2 a registered name holder is different than an account at
3 the registry?

4 MR. TAUGER: Oh, yes. It is my understanding it
5 can.

6 THE COURT: Now, the evidence I see here with
7 respect to your motion, it looks to me as if Oklax is the
8 account holder of the account at the registry of Moniker.

9 Am I reading it the same way you are?

10 MR. TAUGER: Yes, that's correct.

11 THE COURT: Do you have any evidence that Oklax
12 is the registered name holder of any of the disputed
13 domain names?

14 MR. TAUGER: I'm not sure what the Court is
15 asking. That it is the registrant?

16 THE COURT: Well, I was going to take it one
17 step at a time. It looks to me from the facts that Oklax
18 is the account holder at the registry known as Moniker,
19 and it looks to me as if Calista is the registered name
20 holder for the various disputed domain names, and I wanted
21 to know if, in your opinion, I was missing any facts.

22 So are there any facts to show that either
23 Calista is not the registered name holder of Moniker or
24 that Oklax is the registered name holder of any of the
25 disputed domain names? That's the only thing we care

1 about.

2 MR. TAUGER: I apologize, because I'm honestly
3 at a loss as to how to address the term "registered name
4 holder." There is evidence that Oklax is the owner of the
5 domain. That evidence is Mr. Zhukov's statement at his
6 deposition that Oklax owns domains.

7 When Calista submitted, under compulsion, their
8 supplemented response to discovery, they identified Oklax
9 as the holder of the account name -- I am sorry -- of
10 accounts, including the accounts for the
11 Calista-infringing domains. Counsel clarified in the
12 opposition that, oh, Oklax owns some domains, but not the
13 infringing domains.

14 THE COURT: Right.

15 MR. TAUGER: However, in point of fact, Oklax is
16 not the registrant, the registered name holder, if I
17 understand how you are using the term, for any domains.
18 So that representation is either not true or, in this
19 instance, the account holder is the same as the owner.

20 THE COURT: Now, I understand your statement
21 that you have been unable to locate any domain names for
22 which Oklax is the registrant.

23 MR. TAUGER: That's correct.

24 THE COURT: Whether they are the disputed domain
25 names or others. Putting that aside, do you have any

1 evidence that Oklax is the registrant of any of the
2 disputed domain names?

3 MR. TAUGER: No. We concede that Oklax is not.

4 THE COURT: Okay. Very good. All right.

5 Anything further on these issues, Mr. Tauger?

6 MR. TAUGER: Nothing further.

7 THE COURT: All right. Let me first ask
8 Calista, what is the story with the factual representation
9 from defendant that Mr. Zhukov said in deposition that
10 Oklax owns some domain, not necessarily the domain names
11 -- frankly, not necessarily -- not the disputed domain
12 names, but that they own other domain names, yet now Tenza
13 tells us they did a search, and they tell us they can't
14 find Oklax as the registrant of any domain names.

15 What's Calista's view on this?

16 MR. FRAY-WITZER: I have at least two responses
17 for you on that, Your Honor. The first is that, with all
18 respect to my Brother, the fact that he couldn't find the
19 ownership or the registration doesn't mean that it doesn't
20 exist. I would submit that the website that my Brother
21 used is less than useless.

22 THE COURT: Which website was that, by the way?

23 MR. FRAY-WITZER: That WAS WHO.IS.US.

24 THE COURT: Okay.

25 MR. FRAY-WITZER: So the Court knows, this

1 morning I went to WHO.IS.US, and I ran a search for Tenza,
2 which apparently doesn't own a single domain in the world
3 either.

4 THE COURT: By the way, I did the same search
5 and came up with the same result.

6 MR. FRAY-WITZER: I also searched, Your Honor,
7 for myself, because I know that I own at least a dozen
8 domains. I apparently don't own any domains as well.

9 THE COURT: I didn't do that; I didn't search
10 for you.

11 MR. FRAY-WITZER: As a starting point, the site
12 is of no value.

13 THE COURT: Do you know why that is?

14 MR. FRAY-WITZER: I really don't. It is not a
15 site that I have used in the past. It is not a site that
16 I recognize. I know WHO.IS.NET, but I have never seen
17 WHO.IS.US. I just don't know who they are.

18 THE COURT: Okay.

19 MR. FRAY-WITZER: More than that, Your Honor,
20 even if you were to run a search, you wouldn't necessarily
21 find Oklax's domains, even if you did it at a site that
22 searches these things, because Oklax uses privacy
23 services, like almost every other website of this sort in
24 modern times. So those aren't necessarily going to show
25 up.

1 The overwhelming evidence that is in the record
2 is that Calista is the registrant for every single one of
3 the relevant domains. The complaint alleges it. The
4 deposition testimony says it. Every bit of discovery says
5 it. And here is what the Ninth Circuit says about
6 registration --

7 THE COURT: Which case?

8 MR. FRAY-WITZER: First, Office Depot, Inc. v.
9 DS Holdings. It is, Your Honor, 596 F.3d 696. I
10 apologize. I'm at that age where I have to take off my
11 glasses to read to you.

12 The Ninth Circuit goes through the players in a
13 registration and says, "There are three primary actors in
14 the domain naming system.

15 "First, companies called 'registries' operate a
16 database (or 'registry') for all domain names within the
17 scope of their authority.

18 "Secondly, companies called 'registrars'
19 register domain names with registries on behalf of those
20 who own the name. Registrars maintain an ownership record
21 for each domain name they have registered with the
22 registry. Action by a registrar is needed to transfer
23 ownership of a domain name from one registrant to another.

24 "Third, individuals and companies called
25 'registrants' own the domain names." Period.

1 THE COURT: That's my understanding, too. I
2 thought, and correct me if I have misunderstood, but I
3 thought that the ICANN registrar accreditation agreement
4 and things related like that are all in place so that a
5 member of the public can find out who really does own the
6 domain name, who is the registrant. Am I right?

7 MR. FRAY-WITZER: Correct, Your Honor.

8 THE COURT: So how does it work with these
9 privacy designations? How can someone actually own a
10 domain name yet evade ICANN's procedures for being
11 revealed as the registrant?

12 MR. FRAY-WITZER: ICANN allows registrars and
13 third parties to offer privacy services to the registrant
14 of a domain. Essentially they have set up rules for their
15 registrars to enable the registrar, so long as the
16 registrar keeps the records of who the owners are and
17 agrees to pass along any relevant information, you can
18 keep the name of the registrant itself out of the public
19 record.

20 There are a lot of reasons to do that. For one
21 thing, people get spammed all the time if they are owners
22 of domains. In this particular industry certainly
23 sometimes people don't want to publicize that they own
24 domains that deal with adult entertainment. But in any
25 event, there is an entire system and set of rules that

1 ICANN set up for privacy companies or for the registrars.
2 I mean, GoDaddy itself and every one of the registrars
3 nowadays, when you register a new domain, gives you the
4 option if you would like to keep your own information
5 private.

6 So it is not nefarious. There is a system set
7 up by which people can find out or the information gets
8 forwarded. Certainly this Court knows. This Court
9 ordered the information to be turned over, and that's what
10 happened in this case.

11 THE COURT: Okay. I do want to close that loop
12 earlier on Mr. Zhukov's testimony though, and I'm not
13 going to ask you to name the names, but is it correct what
14 he said, that Oklax owns some domain names?

15 MR. FRAY-WITZER: Yes, Your Honor.

16 THE COURT: Okay. I will leave it at that.

17 You know what, I want to be fair on this. Since
18 I did criticize Tenza's brief on a point, let me call to
19 your attention something that I noticed in Calista's brief
20 that either I misunderstood or there was less than candid
21 briefing. I am willing to assume that I might have
22 misunderstood something.

23 On page 11 of Calista's brief, when we are
24 talking about Moniker, that third full paragraph, "The
25 Moniker service agreement between Moniker and its

1 customers indicates that an account holder is not
2 necessarily the domain name registrant, devoting
3 Section 25 to cases where the account holder is an agent
4 for a third party," and then it continues.

5 I read Section 25 very closely, and it just
6 simply talks generally about agents. Granted, this
7 Moniker service agreement was in fine print, but I did
8 think I tried to read it closely.

9 Where in the Moniker service agreement does it
10 state or indicate that an account holder is not
11 necessarily a domain name registrant? I got that, by the
12 way, from the ICANN stuff. That's fine. But I couldn't
13 find that in the Moniker service agreement.

14 MR. FRAY-WITZER: My apologies, Your Honor. I
15 don't have the service agreement in front of me.

16 THE COURT: Well, you will in about ten seconds,
17 because I would like to find out.

18 MR. SHAYEFAR: Your Honor, Matthew Shayefar.

19 THE COURT: You may, as soon as I get it open.
20 It is Exhibit 10.

21 Go ahead, sir.

22 MR. SHAYEFAR: It is a very general reference to
23 agents purchasing services from the domain name registrant
24 on behalf of other parties.

25 THE COURT: Where do I find in the Moniker

1 service agreement the phrase "account holder"?

2 MR. SHAYEFAR: Not in that section, Your Honor.

3 THE COURT: Fine. Then what section of the
4 agreement? Give me another section. I read the entire
5 fine print, and it looked like it is 30 pages. It is not
6 good for my eyes. I couldn't find the phrase "account
7 holder."

8 MR. SHAYEFAR: Your Honor, this entire agreement
9 is with the account holder and any of the parties with
10 whom the account holder is registering names.

11 THE COURT: Where does it say the phrase or the
12 words "account holder"?

13 MR. SHAYEFAR: I don't believe that it is in
14 there. We were not -- speculating the instant phrase to
15 account holder.

16 THE COURT: Well, I agree with you. I didn't
17 see it in there either. I think it is disingenuous and
18 not helpful to the Court to refer the Court to the Moniker
19 service agreement and say that it indicates that an
20 account holder is not necessarily the domain name
21 registrant, because you get both the judge and the law
22 clerk reading a long fine-print document looking for that.
23 That's not the type of advocacy that is accepted in the
24 District of Oregon.

25 All right. Mr. Fray-Witzer, you may continue

1 with whatever response you wish to make to what Mr. Tauger
2 had argued.

3 MR. FRAY-WITZER: Your Honor, I would note that
4 my Brother argues that under 1114(2)(D)(v) the only relief
5 the Court can order is retroactive relief; and therefore,
6 the only standing that is available is once the domain has
7 already been transferred away, and the harm has been done,
8 with all due respect, each of the circuit courts that have
9 considered that argument, and to date there are three of
10 them, the First, the Second, and the Fourth, each of them
11 has considered that precise argument. Each of them has
12 rejected that precise argument.

13 THE COURT: Would you give those cases, please.

14 MR. FRAY-WITZER: The Second Circuit case,
15 Storey v. Cello Holdings, L.L.C., 347 F.3d 370 at page
16 383.

17 THE COURT: And the Second Circuit, what year?

18 MR. FRAY-WITZER: That's Second Circuit, 2003.

19 THE COURT: Thank you.

20 MR. FRAY-WITZER: Sallen v. Corinthians
21 Licenciamentos.

22 THE COURT: Corinthians is good enough.

23 MR. FRAY-WITZER: 273 F.3d 14 at pages 18 to 25.
24 It is a First Circuit case from 2001.

25 Barcelona.com v. Excelentísimo --

1 THE COURT: That's fine. I know the Barcelona
2 case.

3 MR. FRAY-WITZER: That's 330 F.3d 617. It is a
4 Fourth Circuit case from 2003.

5 THE COURT: F.3d at what page?

6 MR. FRAY-WITZER: 617. The relevant discussion
7 is at pages 626 to 27.

8 In each of those cases, the Court acknowledges
9 the language of the statute and says that once the UDRP
10 has ruled that the domain should be turned over, that's
11 the moment that the registrant can file in court. That's
12 the moment that the federal courts have jurisdiction over
13 the case. That's the moment that there is standing to
14 bring the claim. So that would be the response to that
15 argument, Your Honor.

16 THE COURT: All right. Thank you. Since I said
17 I'm not going to entertain an argument that was not raised
18 in the opening motion, I'm not going to rule on this
19 issue. If it is raised in a future motion, we will
20 address it at the appropriate time, but I do remind
21 everybody of their obligations under Rule 11, but we are
22 not going to address it substantively at this time.

23 So is there anything further that either side
24 thinks we should talk about with respect to Tenza's motion
25 to dismiss; namely, Docket 74, or should we move on to

1 other things?

2 MR. FRAY-WITZER: No, Your Honor.

3 MR. TAUGER: Briefly, Your Honor.

4 THE COURT: Sure.

5 MR. TAUGER: This was raised in our moving
6 papers. As we have argued in the pending motion to enter
7 Mr. Zhukov's default and in the motion for leave to add
8 Mr. Zhukov as a defendant in the first place, Mr. Zhukov
9 hides behind a variety of corporate entities for which he
10 is the sole owner and sole employee.

11 He uses Wiblax to hide his money. He uses Oklax
12 to hide the domains. He uses AlexZ Traffic, which is
13 responsible for the templates that are used on these
14 domains. And he uses Calista as the shell corporation
15 that supposedly operates the domains, but all of them are
16 Mr. Zhukov.

17 We respectfully submit that our motion, and to
18 the extent that there is any confusion engendered by the
19 motion, is the result solely of Mr. Zhukov's activities in
20 this case.

21 Thank you.

22 THE COURT: All right. Thank you. I will take
23 that motion under advisement.

24 Let's talk about a couple of other things on my
25 agenda, and then I'll be glad to turn to anything else

1 that you want to talk about.

2 One moment, please.

3 Speaking of Mr. Zhukov, we have a motion for
4 entry of default judgment as to counter-defendant
5 Alexander Zhukov. That's Docket 90. It was filed on
6 June 9th, 2014. I think there was an inquiry from counsel
7 to my courtroom deputy asking when a response is due. I
8 believe the response that was given was a response will be
9 due in two weeks plus the three days. I'm not going to
10 ask for any substantive response now, but can I get an
11 indication from Calista's counsel, if you know, will I be
12 hearing from Mr. Zhukov, do you expect, including by a
13 special appearance or otherwise?

14 MR. FRAY-WITZER: Yes, Your Honor. You will in
15 some respects be receiving an opposition to the motion.
16 The thrust of the opposition is that there hasn't been any
17 service or attempted service on Mr. Zhukov. There has
18 been no request to this Court for alternate service.
19 There has been no prior request that Mr. Zhukov be deemed
20 served. Before a default can be entered, there has to be
21 some sort of service on Mr. Zhukov, and there hasn't been.

22 THE COURT: We don't need argument on it now,
23 and I'm certainly not ruling on it now. But I will offer
24 the following observation, because you all know the minute
25 order that I sent out. I did receive and I did appreciate

1 Tenza's response. That's Docket 93. I have read the
2 cases that Tenza has cited. At least I'll share my
3 perception.

4 There is a difference between personal
5 jurisdiction and service of process. Now, before I got
6 Tenza's response, my general background and knowledge was
7 that if there is personal jurisdiction over usually a
8 corporation or an entity, then there would also be
9 personal jurisdiction over someone found to be an
10 alter ego of that person or entity. If I'm wrong, by the
11 way, and anybody is welcome to show me authority that I'm
12 wrong, but that was my general background and knowledge,
13 that personal jurisdiction would follow an alter ego
14 finding.

15 But it was also my background and knowledge,
16 which may not be correct, but I don't know. But it was
17 also my background and knowledge that before you can
18 actually haul someone into court and expect them to defend
19 a claim that they are an alter ego of someone else and
20 should be liable for that other's obligations, you had to
21 effect service, consistent with Rule 4 of the Federal
22 Rules of Civil Procedure. That's why I put in the minute
23 order that I did, and I must admit I was surprised to see
24 in some of the cases cited by Tenza -- frankly, many of
25 the cases cited by Tenza are just personal jurisdiction

1 cases; they are not helpful.

2 But I do note that some of them do have, without
3 much analysis, but they do have these statements that
4 appear to say: Well, if somebody is the alter ego for
5 someone else, service on that someone else is sufficient
6 for service of process. Analytically, I haven't quite
7 figured out how that could be. I'm not positive that we
8 have seen all of the thorough case discussion of that, but
9 I'm interested in that point.

10 MR. FRAY-WITZER: Your Honor, of the eight cases
11 cited by Tenza in response to your request, six of them
12 deal with nothing but personal jurisdiction -- six of
13 them.

14 THE COURT: I agree.

15 MR. FRAY-WITZER: Of the remaining two, the
16 first is a 30-year-old case that was one paragraph long
17 that said: Where the National Labor Relations Board has
18 already found that the alter ego theory is appropriate,
19 has already pierced the corporate veil, we deem that the
20 service on the corporation in this limited circumstance of
21 this kind of Board proceeding, we deem that to have been
22 effective on the individual.

23 The second case, which cites to that first case,
24 Your Honor, is actually mostly a personal jurisdiction
25 case also. It is ruling on personal jurisdiction. In

1 passing, they happen to mention this case, but what's
2 entertaining about that case is basically they cite to the
3 National Labor Relations Board case. In the second case
4 they say there was an agreement, a written agreement with
5 the corporation, as to how service would be effectuated.
6 The corporation agreed that service by Federal Express
7 would be sufficient. They don't say, "We didn't serve the
8 individual." They said that they served him by FedEx.
9 Because he was already found to have been the alter ego,
10 they said that the individual was bound by the same rules
11 that the corporation had agreed to, and so the service by
12 FedEx was proper. So that leaves you with really one
13 one-paragraph case.

14 But in every single one of the eight cases, the
15 Court had already found that they needed to pierce the
16 corporate veil. Our argument is going to be that that
17 hasn't happened here. All the Court did was allow Tenza
18 to plead it. They pled it, and that's fine. But they
19 still need to effectuate service in some respect.

20 THE COURT: I'm not going to rule on it. I am
21 sharing some of my thinking so it will help frame your
22 arguments. But have you found case law to the contrary
23 yet?

24 MR. FRAY-WITZER: That, I can't answer. I do
25 not recall, Your Honor. I'm not sure that there are cases

1 where people haven't attempted service on the individual.
2 I will be looking for them.

3 THE COURT: Because I read the nine cases, or
4 the eight cases. I agree that most of them are personal
5 jurisdiction. I read the two that you've just talked
6 about. Then I decided to do about 10 or 15 minutes of
7 quick research myself to see are there cases on the other
8 side. I couldn't find any. After about 15 minutes of
9 research, I said: Ah, that's your job. You find it.

10 MR. FRAY-WITZER: Fair.

11 THE COURT: Analytically, here is what's
12 troubling me about it, and I'm worried about the meld-over
13 into a due process concern. Imagine the following
14 hypothetical, ignoring the parties here and the claims and
15 counterclaims: Just imagine a plaintiff versus a
16 corporation, and the corporation is relatively
17 judgment-proof. It doesn't have much money. Plaintiff is
18 suing for some money, and the plaintiff makes the same
19 argument and says: Person X, human being X, is an alter
20 ego, and here is some of my evidence that they are an
21 alter ego of the corporation.

22 Let's assume for my crazy hypothetical that they
23 are not. There is just no connection, except human
24 being X has some money; it has a deep pocket.
25 Corporation X, because there is no real connection, no

1 loyalty to person X, doesn't care what happens to
2 person X. So the corporation may either not fight it. We
3 have the motion by plaintiff to bring in person X as an
4 additional defendant alleging that they are an alter ego.
5 The corporation chooses not to fight it or doesn't fight
6 it very diligently, so there is no real fight to show that
7 they are an alter ego. So the Court really doesn't have
8 the benefit of seeing another side. So the Court says:
9 Okay, fine. They are an alter ego. That person is now
10 in, even though there has been no personal service on
11 person X. Now, let's go ahead with the litigation.
12 Corporation X knows it is in deep trouble on liability, so
13 it either doesn't fight very much or it loses; and
14 therefore, we now have a judgment against corporation
15 defendant and human being X. The judgment is now there.
16 The Court has found alter ego. Now, a judgment is being
17 registered wherever person X, human being X, has some
18 assets, and the plaintiff is now going to go after person
19 X's assets. Person X says: I have never heard of this
20 lawsuit.

21 Now, obviously that's not the situation here.
22 But I'm thinking in my hypothetical: Person X has never
23 heard of this lawsuit, has never had a fair opportunity to
24 challenge that finding of alter ego, yet has marshals or
25 sheriffs selling their property. That just can't be

1 right. That can't be the way Rule 4 operates. That can't
2 be the way that due process would allow litigation to
3 operate.

4 If I'm wrong, show me the cases, and I will
5 learn something. But that's my concern about this pending
6 motion, not from a personal jurisdiction perspective, but
7 from a service perspective. We all know that there are
8 plenty of ways and plenty of power that a Court has to
9 effectuate alternative service against a defendant who is
10 trying to evade service and who otherwise would have
11 notice of a claim.

12 But I think just simply filing a pleading that
13 has a third-party claim and some evidence that says you're
14 an alter ego, surprised me. So I look forward to fleshing
15 this out, unless the parties can figure out some other way
16 of dealing with this problem that might make that motion
17 moot. If you can't, I will figure it out when you give me
18 the authorities.

19 MR. TAUGER: If I may be heard briefly.

20 THE COURT: Absolutely.

21 MR. TAUGER: I want to clear up any confusion.
22 We were quite clear, I thought, in the supplemental
23 pleading that we filed with the Court that the six cases
24 that dealt only with personal jurisdiction, in fact, did
25 not deal with service and only dealt with personal

1 jurisdiction.

2 What we were construing was the limitation in
3 the Ninth Circuit opinion that could have been deemed to
4 hold it only to administrative proceedings like the
5 National Labor Review Board, and here there were other
6 cases in which they were taking this holding that appeared
7 to be limited and applying it in the District Court.

8 I would like to comment briefly on the Court's
9 question about what concerns the Court. There are other
10 instances, not this one, where people wind up with
11 judgments against them, not having notice of the
12 proceeding which took place.

13 I spent a short period of time assisting a
14 friend with foreclosures in California. There are various
15 notice requirements that are satisfied by a presumption of
16 notice rather than proof of actual notice, and you had
17 plaintiffs that were coming in and saying that they were
18 wrongfully foreclosed, because they had not received
19 notice. The way the statutes are written, you can't undo
20 a sale unless certain things happen.

21 So the vehicle for them is to set aside the
22 judgment. You can attack any judgment by any court on due
23 process grounds, on lack of notice grounds, on lack of
24 service grounds. It is done all the time. There are
25 vehicles that are available.

1 The Court mentioned that there is some evidence
2 here that Mr. Zhukov is an alter ego. I would submit what
3 makes this case distinguishable from, for example, these
4 foreclosure cases I'm talking about, is that that evidence
5 was provided by Mr. Zhukov himself. So this is deposition
6 testimony, it is declaration testimony by the person who
7 we alleged to be the alter ego.

8 THE COURT: Well, keep this in mind, though, and
9 this is what I will confront, if I have to, but we are not
10 there yet, and that's this: I have dealt with alter ego
11 cases under Oregon law. I'm not quite sure which law
12 would apply under these circumstances, whether it would be
13 the law of Oregon, because of the forum, or the law of
14 Calista, which I know nothing about, because it is a
15 Republic of Seychelles company, and I know nothing of how
16 they.

17 Let's' assume we apply Oregon law or what we
18 normally would think of as normal alter ego law in the
19 United States. The fact that someone is a sole
20 shareholder, the fact that someone is a sole manager, and
21 directs all of the activities of a company only satisfies
22 a few, but less than all of the elements to be an alter
23 ego. There are other elements, and then it depends if
24 we're doing a tort analysis or a contract analysis. There
25 are other elements of what has to be shown in order to

1 make someone an alter ego.

2 I'm really not sure, but I have not done a
3 thorough analysis, and I would like to see Mr. Zhukov's
4 response, if we have to get there, that the evidence you
5 have provided really shows anything more than he was the
6 sole shareholder, he was the sole manager, the sole
7 employee, he directed all of their business, because we
8 all know individuals who are the sole shareholders, sole
9 employee of corporations, and that ipso facto doesn't make
10 them an alter ego.

11 MR. TAUGER: With respect, Your Honor, we also
12 show that he uses his personal credit cards for the
13 various corporations. We also show that he is taking
14 money intended for one, putting it in another, that he
15 claims is unrelated.

16 THE COURT: Sure.

17 MR. TAUGER: And that he has the ability to claw
18 back and put back in if we were to get a judgment. I
19 think we did analyze both Oregon alter ego law as well as
20 federal alter ego law in our moving papers.

21 If I could make one other point. We had said
22 early in this case that Calista's sole goal in filing the
23 instant action was to block the transfer. We offered as
24 examples of the attempt they made to delay litigation of
25 this case their own motion to stay, but we also cited

1 their refusal to try and make any attempt to serve the
2 complaint once it was filed. In fact, we waived service
3 and filed an answer and counterclaim.

4 They claimed that, oh, they had made attempts to
5 serve. That attempt to serve was calling me up and asking
6 me: Will you accept service of process? Well, that is
7 exactly what we have done here. We asked them: Will you
8 accept service of process for Mr. Zhukov? Are you
9 authorized to do that? And they said no. I really
10 believe what is good for the goose is good for the gander
11 here.

12 THE COURT: I don't recall anybody asking me to
13 rule on an inadequate service of process motion until we
14 got to the Zhukov matter.

15 MR. TAUGER: That's correct. I'm only bringing
16 the facts of this matter to the Court's attention.

17 Thank you.

18 THE COURT: Okay.

19 All right. That's the second item on our
20 agenda. I have two more, a third and fourth.

21 I noticed yesterday the parties started filing
22 cross-motions for summary judgment. I know that we have
23 oral argument scheduled on July 28th at 11:00 a.m. on
24 those motions. I have not yet begun to read those
25 motions, obviously. Frankly, I will wait until we get

1 responses and replies and read them all together. I did
2 glance at them.

3 Is the essence of these motions and
4 cross-motions, at least part of it, that the domain names
5 used by Calista either are or are not, depending on who is
6 making the motion, as a matter of law, confusingly similar
7 to Tenza registered mark for porntube? Am I right that's
8 part of this?

9 MR. TAUGER: That is part of Tenza's argument.
10 There is also uses of our trademark on the actual
11 websites.

12 MR. FRAY-WITZER: From our point of view,
13 Your Honor, we start as a matter of law with the phrase
14 "porntube" is a generic phrase.

15 THE COURT: That is solved. That, I'm going to
16 be spending a fair amount of time on. I am going to spend
17 a fair amount on everything. But that one, I find
18 interesting. We will look at the arguments, the evidence,
19 and I will look at the law. I get that.

20 I am scratching my head over both sides arguing,
21 when Tenza argues as a matter of law the disputed domain
22 names used by Calista are confusingly similar to porntube,
23 and Calista arguing as a matter of law that they are not
24 confusingly similar, I am sort of scratching my head and
25 saying: Why are people doing this? Are those really

1 going to be matters of law?

2 By the way, has anybody submitted -- and I
3 haven't looked at your evidence yet -- but is there going
4 to be expert testimony to support each side's position as
5 a matter of law?

6 MR. FRAY-WITZER: There is expert testimony on
7 both sides, Your Honor. Obviously I would say that
8 obviously each side thinks they have sufficient evidence
9 to sway you that no reasonable juror could conclude the
10 other way.

11 As a personal matter, I think the stronger
12 arguments come in the questions of genericness as a matter
13 of law, because I think some of those can be dealt with
14 more easily as a matter of law. Obviously both sides have
15 marshaled some evidence.

16 THE COURT: Okay. Obviously I am here to rule
17 on matters that properly come before me. I don't mind
18 working hard, and I, frankly, find lots of what I do very,
19 very interesting. That said, if as both sides are
20 preparing their response briefs, if you want to confer
21 with each other and decide to withdraw certain arguments,
22 because you think that although you may have the better of
23 the argument in terms of its persuasiveness to a jury,
24 maybe on hindsight, after reading what each other has
25 said, maybe they are not appropriate for summary judgment,

1 you are welcome to do so. If you don't, I will rule on
2 what's before me.

3 That takes care of that item on my agenda.

4 My final item on my agenda, and then I will turn
5 to whatever else, if anything, you all want to discuss, is
6 the following: Since you all are from out of town, you
7 probably don't know me too well. I do not twist anybody's
8 arms to settle. Last year, I tried nine trials in 2013.
9 Five of them were civil cases; four of them were criminal
10 cases. Tomorrow, I start my fifth trial of this year.
11 That's in a civil CERCLA case. I don't mind trying cases.

12 That said, I also think that litigants are well
13 served by their lawyers, if their lawyers at least advise
14 them about the possibility of settling a dispute, explore
15 it with the other side, and then the clients can make
16 knowing and informed decisions. Sometimes cases settle;
17 sometimes they don't. And sometimes they are assisted by
18 a very knowledgeable mediator.

19 Now with very, very rare exception, and I don't
20 consider this case an exception, but with a very, very
21 rare exception, I do not ever order parties to a
22 mediation. There is sophisticated counsel here. You know
23 whether your client wants to or should talk about
24 settlement. You know whether or not there are mediators
25 that you could or should consult. I am not going to order

1 anybody to mediation here. You are on your own. In about
2 in a minute or two, I'm going to even stop talking about
3 this topic.

4 But I bring it up for the following reasons:
5 About two months ago I met a fellow who I found very
6 impressive. I didn't talk to him about this case
7 obviously, but we talked trademark law generally. He is a
8 practitioner in the Bay Area. In a few moments I am going
9 to give you his resume.

10 The conversation started because he was giving a
11 lecture to a number of federal judges as part of a program
12 that we all take on various topics. I was down at
13 Old Law School for a week taking a course on patent,
14 copyright, and trademark law. He was one of the
15 instructors on trademark law. We had a casual dinner with
16 the instructors and the judges. It was just all federal
17 judges from around the country. There were about around
18 35 of us who were in the program.

19 We were having a casual dinner, and he was at
20 the table that I was at dinner. He mentioned that he
21 recently gotten back from Europe where he had mediated a
22 trademark case. Within the bounds of appropriate
23 confidentiality, he was telling me a little bit about the
24 case that he mediated.

25 I asked him does he do much trademark mediation.

1 He said pretty much that's what he is doing now about
2 three-quarters of his time. He originally was a copyright
3 and trademark litigator, trying cases all over the
4 country. He was one of the founders -- I will give this
5 to you in a few moments -- of the International Trademark
6 Association. He is on their distinguished panel of
7 neutrals. Frankly, he says he goes around the world
8 mediating trademark disputes. So I asked him a little bit
9 about how that happens, and we had some interesting
10 conversations. Again, he didn't tell me anything
11 confidential about his matter. I did not talk to him
12 about this case other than to say I have got a trademark
13 cases before me, but one of them involves some
14 international players.

15 I said, do you mind if I pass on them your name
16 and your bio material? And he didn't mind. So I'm
17 passing this out to you.

18 Mary, will you pass this out. Give two copies
19 to each table.

20 His name is Peter Harvey. He is in
21 San Francisco at the firm of Harvey Siskind. This is his
22 bio statement that I'm passing out from his website. I
23 will conclude with the following comment, and I'm quite
24 sincere with this. You should not feel any pressure at
25 all from me. I'm not intending to give any pressure to

1 either settle the case, mediate, or even if you choose to
2 mediate, mediate with Peter Harvey. You have no pressure.
3 There is no obligation to do it. Frankly, even if you
4 choose to mediate with him, and if it doesn't settle, I
5 don't even want to know necessarily that you called him.
6 That's not why I'm saying this.

7 I'm offering this as information that sometimes
8 parties may say: Well, we would like to mediate, but
9 there are so many esoteric issues here, we really need an
10 expert in our field. There are some interesting and some
11 esoteric issues with trademark with some international
12 dimensions to it. This might be a very good person, but
13 that's for you to decide, for you to evaluate.

14 I'm totally sincere and serious you're under no
15 pressure from the Court to mediate or even to consider
16 Peter Harvey, if you choose to, or use anyone else, or not
17 at all. I just offer this as a matter of information to
18 the extent that it may assist your clients.

19 Any questions about that?

20 Okay. That concludes my agenda.

21 Anything that anyone else would like to raise?

22 MR. FRAY-WITZER: No, Your Honor.

23 MR. TAUGER: Nothing further, Your Honor.

24 THE COURT: Have a good day. Safe travels.

25 COUNSEL: Thank you, Your Honor.

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(Court adjourned.)

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I certify, by signing below, that the foregoing is a correct transcript of the record of proceedings in the above-entitled cause. A transcript without an original signature, conformed signature, or digitally signed signature is not certified.

/s/ Dennis W. Apodaca
DENNIS W. APODACA, RDR, RMR, FCRR, CRR
Official Court Reporter

June 23, 2014
DATE